



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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**Bill Number:** H. 4115    Introduced on March 9, 2023  
**Author:** Sandifer  
**Subject:** Contractors  
**Requestor:** House Labor, Commerce, and Industry  
**RFA Analyst(s):** Wren  
**Impact Date:** March 29, 2023

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### **Fiscal Impact Summary**

This bill makes changes to definitions related to the Contractor’s Licensing Board and revises the requirements as to when a contractor’s license is required in order to perform contracting work. The bill also makes changes to the administrative penalties for second and subsequent violations of the board’s regulations. The bill revises the financial statement requirements for all license groups under the board’s purview and allows the board to require licensees or applicants to increase the amount of a surety bond or other approved security under certain circumstances. The bill also revises registration procedures for construction managers. Additionally, the bill eliminates the requirement that the board must distribute posters to each building permit office in the state regarding general and mechanical construction performed by licensed contractors. Further, the bill revises license classifications and subclassifications.

This bill will have no expenditure impact on the Department of Labor, Licensing and Regulation (LLR) or the Contractor’s Licensing Board since it makes changes to conform to current practices.

LLR nor the Contractor’s Licensing Board anticipate an impact on Other Funds revenue due to the change in administrative penalties. For reference, LLR indicates that the Contractor’s Licensing Board collected \$54,800 in administrative penalties and fines in FY 2021-22. However, LLR does not have details on the individual administrative penalties by offense or by statute. These funds are used to defray administrative costs associated with investigations pursuant to Section 40-1-180.

### **Explanation of Fiscal Impact**

#### **Introduced on March 9, 2023**

#### **State Expenditure**

This bill makes changes to definitions related to the Contractor’s Licensing Board and revises the requirements as to when a contractor’s license is required in order to perform contracting work. The bill also makes changes to the administrative penalties for second and subsequent violations of the board’s regulations. The bill revises the financial statement requirements for all license groups under the board’s purview and allows the board to require licensees or applicants to increase the amount of a surety bond or other approved security under certain circumstances.

The bill also revises registration procedures for construction managers. Additionally, the bill eliminates the requirement that the board must distribute posters to each building permit office in the state regarding general and mechanical construction performed by licensed contractors. The bill also revises license classifications and subclassifications. Further, the bill repeals §40-11-390, which relates to unlicensed entities engaging in general or mechanical construction prior to April 1, 1999, and repeals §40-11-400, which relates to qualifying party certificates for individuals.

LLR indicates that this bill will have no expenditure impact on the agency or the Contractor's Licensing Board since the bill makes changes to conform to current practices.

### **State Revenue**

The bill makes changes to the administrative penalties for second and subsequent violations of the Contractor's Licensing Board's regulations. The penalty for the second of two violations of the same or similar provision in a five-year period is not more than \$1,000. Currently, these violations must be referred to the board for action. Further, the bill specifies that third and subsequent violations may be referred to the board for action or may be issued a penalty of no more than \$1,000.

LLR indicates that the Contractor's Licensing Board collected \$54,800 in administrative penalties and fines in FY 2021-22. However, LLR does not have details on the individual administrative penalties by offense or by statute. These funds are used to defray administrative costs associated with investigations pursuant to Section 40-1-180. Neither LLR nor the board anticipate an increase in Other Funds revenue due to the changes to the administrative penalties pursuant to this bill.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director